

Message Text

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PAGE 01 EC BRU 02782 222113Z
ACTION EUR-12

INFO OCT-01 ARA-06 ISO-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 EB-08 AID-05 OMB-01 COME-00 CIEP-00
TRSE-00 ACDA-07 AGRE-00 INT-05 OES-06 CEA-01
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R 221753Z MAR 77
FM USMISSION EC BRUSSELS
TO SECSTATE WASHDC 3337
INFO AMEMBASSY BELIZE CITY
AMEMBASSY BRIDGETOWN
AMEMBASSY GEORGETOWN
AMEMBASSY KINGSTON
AMEMBASSY MOSCOW
AMEMBASSY NASSAU
AMEMBASSY PARAMARIBO
AMEMBASSY PORT OF SPAIN
ALL EC CAPITALS 3318
USMISSION NATO

C O N F I D E N T I A L EC BRUSSELS 02782

DEPT. AND ALSO AIDAC

E.O. 11652: GDS
TAGS: EAID, XL, EEC, UR
SUBJECT: EC COMMISSION AID TO CARIBBEAN AND POSSIBLE ASSOCIATION
OF GUYANA WITH CEMA

REF: A) EC BRUSSELS A-22, B) EC BRUSSELS A-067
C) MOSCOW 1090, D) USNATO A-96

1. SUMMARY: THE EC COMMISSION SENT A MISSION TO THE CARIBBEAN
RECENTLY TO LOOK INTO GUYANA'S APPLICATION FOR SOME SORT OF
ASSOCIATION WITH CEMA AND JAMAICA'S STEPS TO STRENGTHEN TIES
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WITH THE USSR. THESE DEVELOPMENTS POSE NO PROBLEMS UNDER THE LOME
CONVENTION, BUT COMMISSION OFFICIALS ARE CONCERNED THAT
CEMA'S INTERVENTION COULD UNDERCUT CARICOM COHESION. THE
EC WILL COMMIT ABOUT \$112 MILLION TO SEVEN LOME CONVEN-
TION COUNTRIES IN THE CARIBBEAN BY MARCH 1980. IT HAS
RECENTLY COMPLETED AID PROGRAMS IN THE BAHAMAS AND
GRENADA, AND WILL PREPARE ONES SHORTLY IN SURINAM AND

THE DUTCH ANTILLES. END SUMMARY.

2. THE COMMISSION RECENTLY SENT A MISSION TO THE CARIBBEAN INTER ALIA TO LOOK INTO IMPLICATIONS OF GUYANA'S DECISION TO SEEK SOME SORT OF ASSOCIATION WITH CEMA AND JAMAICA'S APPARENT EFFORTS TO STRENGTHEN TIES WITH SOVIET UNION. COMMISSION OFFICIALS HAVE DISCUSSED THEIR FINDINGS WITH MISSION OFFICER. GUYANA OFFICIALS TOLD EC MISSION OFFICIALS THAT THEY WERE DISAPPOINTED WITH THE MEAGER AMOUNTS AND CUMBERSOME PROCEDURES OF THE WEST'S FINANCIAL ASSISTANCE, INCLUDING EC AID UNDER THE LOME CONVENTION. GUYANA CRITICALLY NEEDS FINANCIAL ASSISTANCE AND IS READY TO TURN TO ANY SOURCE TO OBTAIN IT. GUYANA OFFICIALS ALSO NOTE THAT THEY ARE ATTRACTED TO THE CUBAN DEVELOPMENTAL EXAMPLE. COMMISSION OFFICIALS ADD THAT GUYANA'S POLITICAL ORIENTATION HAS TAKEN A TURN TO THE LEFT, IN PART BECAUSE OF THE EFFORTS OF THE ACTIVE MARXIST OPPOSING PARTY.

3. GUYANA DEVELOPMENT MINISTER HOYTE ASSURED COMMISSION OFFICIALS, NEVERTHELESS, THAT THE GOG "WAS NOT TURNING ITS BACK ON THE WEST." ON THE OTHER HAND, LEADERS OF OPPOSING POLITICAL PARTY SEE POSSIBLE ASSOCIATION WITH CEMA AS A STEP TOWARD CLOSER POLITICAL TIES WITH USSR. COMMISSION OFFICIALS DOUBT THAT GUYANA WILL RECEIVE MUCH HELP FROM CEMA. THEY NOTE THAT FINLAND, IRAQ AND MEXICO HAVE COOPERATION AGREEMENTS WITH CEMA. THE MEXICAN AGREEMENT, FOR EXAMPLE, IS A BROAD CONFIDENTIAL

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COOPERATION ARRANGEMENT WHICH HAS SO FAR AMOUNTED TO VERY LITTLE. MEXICO LAST AUGUST SUBMITTED A LONG LIST OF AID PROJECTS TO CEMA BUT SO FAR IT HAS NOT RECEIVED A REPLY. IN VIEW OF THE MEXICAN EXPERIENCE, THE COMMISSION STAFF CONCLUDES THAT CEMA WILL NOT LIKELY PROVIDE SUBSTANTIAL AID TO GOG.

4. COMMISSION OFFICIALS SAY THAT THIS WOULD BE THE FIRST TIME A LOME CONVENTION MEMBER WOULD SEEK TIES WITH CEMA. SUCH AN ASSOCIATION WOULD HAVE NO JURIDICAL EFFECT ON EC/GUYANESE RELATIONS; THE LOME CONVENTION IS NOT CONCERNED WITH INTERNAL AND INTERNATIONAL POLITICAL POLICIES OF THE ASSOCIATED COUNTRIES. THESE OFFICIALS NOTE THAT JAMAICA IS ALSO MOVING CLOSER TO THE SOVIET UNION. JAMAICA REPORTEDLY PLANS TO ESTABLISH DIPLOMATIC RELATIONS WITH THE USSR AND WILL EXCHANGE ECONOMIC AND TRADE MISSIONS. GOJ AUTHORITIES ASSURED COMMISSION OFFICIALS THAT THESE EFFORTS WERE NORMAL EXPANSION OF

TRADE RELATIONS AND WERE NOT THE PRECURSOR TO ASSOCIATION WITH CEMA.

5. COMMISSION OFFICIALS, NEVERTHELESS, EXPRESS CONCERN OVER THE CLOSER LINKS THESE COUNTRIES ARE ESTABLISHING WITH CEMA COUNTRIES, ESPECIALLY WITH CUBA. THESE DEVELOPMENTS REINFORCE CUBA'S DESIRE TO ACT AS A BRIDGE BETWEEN EASTERN EUROPE AND LATIN AMERICA. THESE EVENTS COULD DIVIDE THE CARICOM COUNTRIES, BECAUSE SEVERAL OPPOSE CEMA'S GROWING ROLE IN THE REGION.

6. COMMENT: AS INDICATED IN REF MESSAGES, THE NEW EC AID PROGRAMS IN SIX CARIBBEAN COUNTRIES AIM TO PROMOTE CARICOM'S INTEGRATION AND DEVELOPMENT. THE EC JUST COMPLETED PREPARING ITS INDICATIVE AID PROGRAMS FOR GRENADA AND THE BAHAMAS; EACH COUNTRY WILL RECEIVE TWO MILLION UNITS OF ACCOUNT (MUA) OF AID UNDER THE LOME CONFIDENTIAL

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CONVENTION. AID PROGRAMS ARE NOW IN PLACE IN ALL THE ASSOCIATED CARIBBEAN COUNTRIES, EXCEPT SURINAM WHICH IS EARMARKED TO RECEIVE 20.8 MUA. THE COMMISSION WILL SEND A MISSION TO SURINAM BEFORE JULY TO PREPARE THIS PROGRAM. THIS WILL BRING LOME CONVENTION AID TO THE CARIBBEAN TO 100.3 MUA (ABOUT \$112 MILLION) INCLUDING 30 MUA FOR CARICOM REGIONAL PROJECTS. THESE FUNDS ARE TO BE COMMITTED BY MARCH 1980. THE COMMISSION ALSO PLANS TO HELP PREPARE THE AID PROGRAM TO THE DUTCH ANTILLES, WHICH AS AN OVERSEAS COUNTRY AND TERRITORY, IS ALSO ELIGIBLE TO RECEIVE 20.8 MUA.

7. COMMISSION OFFICIALS SAY THEY WOULD LIKE TO CHANNEL MORE OF THEIR AID THROUGH CARICOM, ESPECIALLY THROUGH ITS DEVELOPMENT BANK. THEY ARE RELUCTANT TO DO SO, HOWEVER, SHOULD CARICOM'S FUTURE COHESION BE THREATENED BY OPPOSING POLITICAL TRENDS. THEY BELIEVE CEMA'S INTERVENTION WILL LIKELY EXACERBATE THESE POTENTIAL CONFLICTS. END COMMENT. HINTON

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